

## 2007-08 EXECUTIVE SUMMARY

# CAPITAL INVESTMENT PROGRAM OVERVIEW

The six-year Capital Improvement Program (CIP) increased by \$91.1 million or 72.5% from \$125.5 million in 2005-10 to \$216.6 million for 2007-12.

## CIP REVENUES

Major revenue increases include:

- Real estate excise tax. This revenue is projected to increase by \$16.2 million or 80% from \$20.1 million in 2005-10 to \$36.3 million in 2007-12. This is due to rising real estate prices, higher transaction volumes and adjustments to more closely reflect actual collections.
- General revenues. The level of general funding is expected to increase by \$19.6 million or 56% from \$34.9 million in 2005-10 to \$54.5 million in 2007-12 primarily due to growth in the 5% General Fund transfer, the reinstatement of the business tax surcharge, and increases in the General Fund contribution for City Hall. Also, included in this category are transfers from the General Fund for sales tax on construction and the pavement management program which are projected to remain flat at \$1.1 million and \$300,000, respectively over the next six years.
- Impact fees. This revenue is estimated to grow by \$15.0 million or 132% due to projected growth in the City and the Council increasing these fees significantly in August 2006 with cost escalators for future years.
- Debt proceeds. The City is expected to issue \$28 million of debt to fund the Bear Creek Parkway extension.
- Developer contributions for specific projects. These resources are projected to rise 471% from \$4.2 million in 2005-10 to \$24 million in 2007-10. This higher revenue is primarily related to contributions from Microsoft for the NE 36<sup>th</sup> Street overpass.

## CIP EXPENDITURES

The following chart provides an overview of how capital dollars are allocated by functional area for 2007-12 vs. 2005-10. The three largest projects included in the CIP are Bear Creek Parkway (\$28 million) and the Northeast 36<sup>th</sup> Street overpass (\$21 million) in the Transportation functional area and City Hall lease payments (\$24 million) in General Government.

<b>Capital Improvement Program Summary by Functional Area 2005-10 vs. 2007-12</b>				
	<b>2005-2010</b>	<b>2007-2012</b>	<b>Over/ (Under)</b>	<b>% Change</b>
Council	\$4,870,899	\$20,459,679	\$15,588,780	320.0%
Parks	\$19,097,544	\$22,443,859	\$3,346,315	17.5%
Transportation	\$66,317,105	\$132,529,683	\$66,212,578	99.8%
Fire	\$9,087,513	\$9,269,959	\$182,446	2.0%
Police	\$7,049,078	\$5,516,283	(\$1,532,795)	-21.7%
General Government	\$19,089,746	\$26,350,708	\$7,260,962	38.0%
<b>Total</b>	<b>\$125,511,885</b>	<b>\$216,570,171</b>	<b>\$91,058,286</b>	<b>72.5%</b>

As you can see, funding for all of the functional areas is forecasted to rise with the exception of Police. The Police department completed some major capital projects in 2005-06 which reduced its cash balance. In addition, it did not receive its share of the 5% General Fund transfer in 2007-12 as the Council decided to retain this money (\$17.9 million) in its contingency pending a further review of the CIP. This decision affected all of the functional areas. The table below details how the 5% transfer has been historically allocated.

<b>Allocation of 5% General Fund Transfer by Functional Area</b>		
	<b>%</b>	<b>2007-2012</b>
Council	5%	\$893,605
Parks	20%	\$3,574,418
Transportation	45%	\$8,042,441
Fire	15%	\$2,680,814
Police	10%	\$1,787,209
General Government	5%	\$893,605
<b>Total</b>	<b>100%</b>	<b>\$17,872,091</b>

At the end of 2012, the CIP has \$32.4 million of funds unallocated which are not restricted by state law for capital and could be used for general city services.

*Note: Subsequent to the adoption of this budget, the Council decided to divert a portion of the 5% General Fund transfer in the amount of \$307,000 per year plus inflation to cover deficiencies in existing parks maintenance. Given this action did not occur until 2007, it has not been included in any of the numbers presented herein.*